

**Financial Statements of the
HOUSING AUTHORITY OF THE COUNTY
OF SALT LAKE
Salt Lake City, Utah
For the year ended June 30, 2006 and 2005
Including
Independent Auditor's Reports,
Management's Discussion and Analysis, and
Supplemental Information**

Housing Authority of the County of Salt Lake

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Baird, Rasmussen Associates, PC

Certified Public Accountants and Business Advisors

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

We have audited the accompanying statements of fund net assets of the Housing Authority of the County of Salt Lake (the Authority), as of and for the years ended June 30, 2006 and 2005, and the related statement of revenues, expenses and changes in fund net assets and statement of cash flows for the years then ended, which collectively comprise the Authority's basic financial statements. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2006 and 2005, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2006, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 2 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying Financial Data Schedules, included as supplemental information on Schedules 1 through 4, are not a required part of the basic financial statements but are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baird, Rasmussen & Associates, PC

Baird, Rasmussen & Associates, P.C.
Bountiful, Utah
September 13, 2006

HOUSING AUTHORITY OF THE COUNTY OF SALT LAKE MANAGEMENT'S DISCUSSION AND ANALYSIS

The Housing Authority of the County of Salt Lake's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by \$0.7 million (or 5%) during 2006. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net assets were \$14.8 million and \$15.6 million for 2005 and 2006 respectively. Its unrestricted net assets increased by \$0.8 million during the same period from \$3.6 million to \$4.4 million.
- Revenue increased by \$1.4 million from \$20.2 million in 2005 to \$21.6 million in 2006, an increase of 7%.
- The total expenses of all Authority programs remained the same for both 2005 and 2006 at \$20.7 million.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", Basic Financial Statements", and "Other Required Supplementary Information":

MD&A

~ Management Discussion
and Analysis - pgs. 2-12

Basic Financial Statements

~ Authority-wide Financial Statements – pgs. 13-15
~ Notes to Financial Statements – pgs. 16-22

Other Required Supplementary Information

~ Required Supplementary Information pgs. 24-38
(other than MD&A)

The primary focus of the Authority's financial statement is on both the Authority as a whole (Authority-wide) and the major individual programs. Both perspectives (authority-wide and major program) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Authority-Wide Financial Statements

The Authority-wide financial statements (see pgs. 13-15) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Program Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Program Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Program Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

To more accurately report the financials and not misrepresent reported units as funds under governmental accounting, the Authority designates reported units as programs.

The Department of Housing and Urban Development requires many of the programs maintained by the Authority. Others are segregated to enhance accountability and control.

The Authority's Programs

Business Type Programs

Public Housing – Under the Public Housing Program, the Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Community Development Block Grant Program - Community Development for Midvale, Sandy, and Salt Lake County public housing communities that is intended to increase residents' access to services.

Business Activities – Represents non-HUD resources developed from a variety of activities.

Internal Service Program – Used as a cash flow program primarily to facilitate cash balances, investments, and accounts receivable, accounts payable, and payroll processes.

Other Non-major Programs – In addition to the major programs above, the Authority also maintains the following non-major programs. Non-major programs are defined as programs that have assets, liabilities, revenues, or expenses of 5% or less of the Authority's total assets, liabilities, revenues or expenses:

Resident Opportunities and Self-Sufficiency Program (ROSS) – A program for public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

Shelter Plus Care Program – A grant program funded by the Department of Housing and Urban Development that provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.

Tenant-Based Rental Assistance Program – A grant funded by Salt Lake County to provide transitional housing to very low income families and individuals of Salt Lake County. This program is a joint partnership with The Road Home.

Housing Opportunities for Persons with AIDS (HOPWA) – A grant program funded by the Department of Housing and Urban Development that provides rental assistance for low income persons medically diagnosed with HIV/AIDS and their families.

Youth Prevention Program - A program for public housing youth that is intended to prevent substance abuse and other anti-social behaviors. It includes After-School, Teen, and Mentoring components.

Masterleasing Program – A program funded by the Salt Lake County Criminal Justice Department that provides short term housing for mental health court clients in order to help them transition back into the community.

Housing Assistance Rental Program – A program funded by Salt Lake County to provide transitional housing to very low income families and individuals of Salt Lake County that have been involved with the criminal justice system.

FEMA - A program ran through contract with the State of Utah in which the Federal Emergency Management Agency funds rental assistance for those qualified families relocated to Utah that were affected by hurricanes Katrina and Rita.

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

STATEMENT OF NET ASSETS

	2006 (in millions of dollars)	2005 (in millions of dollars)
Current Assets	\$ 5.2	\$ 4.5
Restricted Assets	.9	.7
Capital Assets	11.8	10.9
Other Non-current Assets	1.2	1.6
Total Assets	<u>19.1</u>	<u>17.7</u>
Current Liabilities	.8	.7
Long-Term Liabilities	2.7	2.2
Total Liabilities	<u>3.5</u>	<u>2.9</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	10.3	10.5
Restricted	.9	.7
Unrestricted	4.4	3.6
Total Net Assets	<u>\$15.6</u>	<u>\$14.8</u>

For more detailed information see page 13 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Working Capital increased from \$3.8 million to \$4.5 million in 2006. Other non-current assets have been reduced by \$400,000 mainly due to a reduction in bank pool loans through refinancing or foreclosures during the year.

Long-term liabilities increased from \$2.2 million to \$2.7 million primarily due to added loans to the Authority's liabilities of \$1,200,000 for the purchase of Park Hill Mobile Home Estates and a reduction of bank pool liability because of refinancing and foreclosures. Capital assets also changed significantly, increasing from \$10.9 million to \$11.8 million. The \$.9 million increase is attributed primarily to a combination of acquisitions (\$2.1 million) and current year depreciation (\$1.3 million). For more detail see "Capital Assets and Debt Administration" on page 10.

TABLE 2

CHANGE OF UNRESTRICTED NET ASSETS

The following schedule presents details on the change in Unrestricted Net Assets

	Millions of Dollars
Unrestricted Net Assets 6/30/05	\$ 3.6
Results of Operations	1.7
Adjustments:	
Depreciation (1)	1.2
Adjusted Results from Operations	<u>2.9</u>
Capital Expenditures (2)	<u>(2.1)</u>
Unrestricted Net Assets 6/30/06	<u><u>\$ 4.4</u></u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

(2) Capital Expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the Results of Operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well being.

TABLE 3**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	2006 (millions of dollars)	2005 (millions of dollars)
Revenues		
Tenant Revenue – Rents and Other	\$ 1.3	\$ 1.3
Operating Subsidies and Grants	18.9	18.1
Capital Grants	0.8	0.5
Investment Income	0.2	0.1
Other Revenues	0.3	0.2
Total Revenue	<u>21.5</u>	<u>20.2</u>
Expenses		
Administrative	2.2	2.1
Tenant Services	0.4	0.4
Utilities	0.4	0.4
Maintenance	1.4	1.4
General	0.2	0.3
Casualty Losses	0.2	0.0
Housing Assistance Payments	14.6	14.7
Depreciation	1.2	1.5
Total Expenses	<u>20.7</u>	<u>20.8</u>
Net Increase/(Loss)	<u>\$ 0.8</u>	<u>\$(0.6)</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

Operating Subsidies and Grants increased by \$1,100,000 mainly due to funding for three new programs this year: \$500,000 from FEMA to assist hurricane Katrina evacuees in Utah and \$200,000 from Salt Lake County for the Masterleasing and the Housing Assistance Rental programs. An increase in Capital Grants of \$300,000 is due to more capital spending by the Agency during 2006 than during 2005.

Most expenses remained stable. Although total housing assistance payments decreased by \$100,000, Section 8 housing assistance payments decreased by \$900,000 in 2006 due to an average of 44 less Section 8 families served per month and a much lower average housing assistance payment per family. The three new programs mentioned above provided \$700,000 in housing assistance payments to participants in those programs. An increase in casualty loss expenses of \$200,000 due to a couple of casualties in our Public Housing units is offset by \$200,000 in casualty insurance revenue reflected in other revenues. Depreciation expenses were \$300,000 less than in the prior year as more fixed assets in use are becoming fully depreciated. There were also slight increases in administration and maintenance costs from 2005 to 2006 due to inflationary pressures in salary, benefits and contract costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$11.8 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) of \$.9 million or an 8% increase from the end of last year.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	Business-type Activities	
	2006	2005
Land and land rights	\$ 4.4	\$ 3.2
Site Improvements	4.4	4.1
Buildings	26.8	26.6
Equipment – Administrative	1.1	1.0
Accumulated Depreciation	(25.4)	(24.1)
Construction In Progress	0.5	0.1
Total	<u>\$11.8</u>	<u>\$10.9</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 22 of the notes.

TABLE 5
CHANGE IN CAPITAL ASSETS

	Business Type Activities
Beginning Balance	\$ 10.9
Additions, Net of Retirements	2.1
Depreciation	<u>(1.2)</u>
Ending Balance	<u><u>\$11.8</u></u>

This year's major additions were Park Hill Mobile Home Estates valued at \$1.2 million and capital expenditures related to modernizing the Authority's housing developments. There were also a small amount of equipment purchases.

Debt Outstanding

As of year-end, the Authority had \$2.8 million in debt (bonds, notes, etc.) outstanding compared to \$2.2 million last year, a \$600,000 decrease. Loans for the Parkhill Mobile Home Estates were added in the amount of \$1,200,000 during the year. Bank pool loans of over \$500,000 were retired due to foreclosures and refinancings during the year.

TABLE 6
OUTSTANDING DEBT, AT YEAR-END
(IN MILLIONS)

	Totals	
	2006	2005
<u>Program Type</u>		
Enterprise - Long Term	\$2.7	\$2.2
Enterprise - Current	0.1	0.0
Total	<u>\$ 2.8</u>	<u>\$ 2.2</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Andre Bartlome, Director of Finance of the Housing Authority of the County of Salt Lake, at (801) 284-4440. Specific requests may be submitted to Andre Bartlome, Director of Finance, Housing Authority of the County of Salt Lake, 3595 South Main Street, Salt Lake City, UT 84115.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Combined Statement of Net Assets
June 30, 2006 and 2005**

ASSETS	2006	2005
Current Assets:		
Cash	\$ 1,762,871	\$ 832,269
Investments	2,319,945	2,816,654
Accounts Receivable-HUD	286,536	236,166
Accounts Receivable - Other, net of allowance of \$12,729	677,879	451,656
Current portion of notes receivable	46,356	53,629
Inventory - net of allowance of \$3,534	84,913	79,005
Prepaid expenses	-	654
Total Current Assets	5,178,500	4,470,033
Restricted Assets:		
Cash	184,737	-
Investments	741,604	703,563
Total Restricted Assets	926,341	703,563
Noncurrent Assets:		
Capital Assets		
Land	4,389,509	3,197,509
Buildings and Improvements	31,662,385	30,899,176
Furniture and equipment	1,125,732	980,352
Total Capital Assets	37,177,626	35,077,037
Less: Accumulated Depreciation	(25,355,804)	(24,129,808)
Net Capital Assets	11,821,822	10,947,229
Other Assets		
Notes and mortgages receivable	1,196,664	1,566,630
Other Assets	-	20,000
Total Non-Current Assets	13,018,486	12,533,859
TOTAL ASSETS	19,123,327	17,707,455
LIABILITIES		
Current Liabilities:		
Accounts Payable	349,068	291,144
Tenant Security Deposits	120,036	121,410
Accrued Liabilities	139,632	161,367
Other Current Liabilities	5,507	2,697
Deferred Revenue	63,842	66,078
Current Portion of Long-Term Debt	138,744	42,245
Total Current Liabilities	816,829	684,941
Noncurrent Liabilities:		
Notes and Mortgages Payable, less current portion	2,264,932	1,729,298
Other Long-Term Obligations	447,836	463,397
Total Noncurrent Liabilities	2,712,768	2,192,695
TOTAL LIABILITIES	3,529,597	2,877,636
NET ASSETS		
Invested in capital assets, net of related debt	10,235,512	10,528,049
Restricted net assets	926,341	703,563
Unrestricted net assets	4,431,877	3,598,207
TOTAL NET ASSETS	\$ 15,593,730	\$ 14,829,819

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE**
**Combined Statement of Revenues, Expenditures,
and Changes in Net Assets**
For The Years Ended June 30, 2006 and 2005

	2006	2005
OPERATING REVENUES		
Federal Subsidies	\$ 19,680,421	\$ 18,548,890
Rents	1,348,341	1,256,870
Other	312,867	123,245
Total Operating Revenues	<u>21,341,629</u>	<u>19,929,005</u>
OPERATING EXPENSES		
Administrative	2,172,820	2,090,403
Tenant Services	414,052	413,402
Utilities	387,232	343,431
Ordinary Maintenance and Operations	1,437,211	1,375,897
General	408,317	262,852
Extraordinary Maintenance	-	-
Housing Assistance Payments	14,636,234	14,728,426
Depreciation	1,225,995	1,475,698
Fraud Losses	8,428	-
Total Operating Expenses	<u>20,690,289</u>	<u>20,690,109</u>
Income (Loss) From Operations	<u>651,340</u>	<u>(761,104)</u>
Nonoperating Income (Expenses)		
Interest Income	195,393	126,539
Gain From Disposal of Assets	2,328	89,650
Interest Expense	(85,150)	(73,895)
Total Nonoperating Income (Expenses)	<u>112,571</u>	<u>142,294</u>
Net Loss	763,911	(618,810)
Net assets at beginning of year	14,829,819	15,448,629
Prior Period Adjustment	-	-
Net assets at end of year	<u>\$ 15,593,730</u>	<u>\$ 14,829,819</u>

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Combined Statement of Cash Flows
For The Year Ended June 30, 2006 and 2005**

	2006	2005
Cash Flows From Operating Activities		
Federal subsidies receipts	\$ 19,630,051	\$ 19,026,243
Rents received	1,122,118	1,325,008
Other receipts	312,867	123,245
Cash paid for administrative services	(2,172,820)	(2,090,403)
Cash paid for tenant services	(414,052)	(413,402)
Cash paid for utilities	(387,232)	(343,431)
Cash paid for ordinary maintenance and operations	(1,437,211)	(1,375,897)
Cash paid for general and other expenses	(373,742)	(24,390)
Cash paid for fraud loss	(8,428)	-
Cash paid for housing assistance	(14,636,234)	(14,728,426)
Net Cash Provided (Used) By Operating Activities	<u>1,635,317</u>	<u>1,498,547</u>
Cash Flows From Noncapital Financing Activities	-	-
Cash Flows From Capital Financing Activities		
Acquisition of Capital Assets	(2,100,589)	(481,579)
Proceeds From Disposal of Capital Assets	2,328	93,244
Retirement of Long-Term Debt	632,133	(137,071)
Interest on Long-Term Debt	(85,150)	(73,895)
Net Cash Used In Capital Financing Activities	<u>(1,551,278)</u>	<u>(599,301)</u>
Cash Flows From Investing Activities		
Net Investments purchased	458,668	(983,878)
Notes Receivable Principal Payments Received	377,239	286,888
Interest on Investments	195,393	126,539
Net Cash Provided (Used) By Capital Financing Activities	<u>1,031,300</u>	<u>(570,451)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 1,115,339	 328,795
Cash and Cash Equivalents at June 30, 2005	832,269	503,474
Cash and Cash Equivalents at June 30, 2006	<u>\$ 1,947,608</u>	<u>\$ 832,269</u>
 Reconciliation of operating income to net cash used by operating activities:		
Income (Loss) From Operations	\$ 651,340	\$ (761,104)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	1,225,996	1,475,698
(Increase) Decrease in:		
Accounts Receivable - HUD	(50,370)	477,353
Accounts Receivable - Other	(226,223)	68,138
Inventory	(5,908)	6,452
Prepaid expenses	654	(654)
Other Assets	20,000	(20,000)
Increase (Decrease) in:		
Accounts Payable	57,924	132,377
Tenant Security Deposits	(1,374)	1,712
Accrued Liabilities	(21,735)	3,924
Other Current Liabilities	2,810	(4,777)
Deferred Revenue	(2,236)	5,279
Deposits and Other Liabilities	(15,561)	114,149
Net Cash Used By Operating Activities	<u>\$ 1,635,317</u>	<u>\$ 1,498,547</u>

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Notes to Financial Statements
June 30, 2006 and 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND HISTORY

The Housing Authority of the County of Salt Lake (the Authority) was established in 1970 for the purpose of providing affordable housing to individuals living in Salt Lake County.

The Authority supports a total of 2,925 housing units under seven different housing programs. The Authority owns 626 units in its public housing program, of which 619 units are available for lease to low income and elderly individuals in accordance with U.S. Department of Housing and Urban Development (HUD) guidelines. Operating subsidies are received by the Authority directly from HUD. The Authority subsidizes rental expenses for 2,306 units which clients lease from private apartment owners. In addition, the Authority operates housing programs that are not subject to HUD guidelines and for which no subsidies are received from HUD, consisting of 31 units, of which all 31 are available for lease.

FINANCIAL REPORTING MODEL

The Authority has implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, *Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The significant changes to these statements are as follows:

1. Presentation of management's discussion and analysis.
2. The term retained earnings is replaced by net assets.
3. The statement of cash flows is presented on the direct method.

FINANCIAL REPORTING ENTITY

The Governmental Accounting Standards Board (GASB) has issued Statement No. 14, "The Financial Reporting Entity", which describes those entities which are considered component units for financial reporting purposes. Management of the Authority and Salt Lake County have determined that the Authority is not a component unit of the County, or any other government entity under the criteria of GASB Statement No. 14.

Additionally, management is not aware of other government entities that should be included with the Authority's basic financial statements as component units in accordance with GASB Statement No. 14.

INTER-FUND TRANSACTIONS

Inter-fund payables and receivables as of June 30, 2006 and 2005 totaling \$7,189,648 and \$5,467,805 respectively have been eliminated from the combined balance sheet.

BASIS OF PRESENTATION – FUND ACCOUNTING

In order to insure observance of limitations and restrictions placed on the use of resources available to the Authority, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which appropriations, grants or contracts for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Notes to Financial Statements
June 30, 2006 and 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION – FUND ACCOUNTING – CONTINUED

In accordance with HUD prescribed accounting practices, the Authority has adopted the Statement of Government Accounting Standards (SGAS) No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. The Authority has elected to apply all applicable FASB pronouncements and Accounting Principle Board (APB) opinions issued on or after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

BASIS OF ACCOUNTING

The Authority prepares its basic financial statements using the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America. The accrual basis of accounting recognizes revenues at the time they are earned. Expenditures are recorded when incurred.

CASH AND CASH EQUIVALENTS

The Authority considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. Cash and cash equivalents at June 30, 2006 and 2005 consist of cash on hand, demand deposits and savings deposits. Certificates of deposits and U.S. Treasury Bills are reported on the balance sheet as investments.

FIXED ASSETS

Fixed assets are carried at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of 3 - 40 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and improvements are capitalized.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INVENTORY

Inventory consists of expendable supplies held for maintenance and repairs. Supplies inventory is stated at cost on a first-in, first-out basis, and is recorded as an expense at the time the individual inventory items are used. Inventory is reported net of allowance for obsolete inventory which was \$3,534 and \$5,360 at June 30, 2006 and 2005 respectively.

NOTES RECEIVABLE

Notes receivable consist of mortgages held, secured by real estate.

DEFERRED REVENUE

Deferred revenue consists of federal subsidies for the month of July 2006 and 2005 that were received by the Authority on or before June 30, 2006 and 2005.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Notes to Financial Statements
June 30, 2006 and 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ACCRUED COMPENSATED ABSENCES

The balance of accrued liabilities at June 30, 2006 and 2005, of \$139,632 and \$161,367 includes current accrued compensated absences totaling \$122,511 and \$116,526 respectively. Other long-term obligations at June 30, 2006 and 2005, of \$447,836 and \$463,397, include non-current accrued compensated absences totaling \$90,225 and \$74,501 respectively.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits for the Authority are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the ACT") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the Authority's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Custodial Credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. The Authority's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of local government to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of June 30, 2006, \$1,744,551 of the Authority's bank balances of \$2,084,651 were uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity of all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, fixed rate corporate obligations, to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Rule 2 of the Utah Money Management Council does not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's policy for reducing its exposure to credit risk is to comply with the Act as previously discussed.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority's policy for reducing this risk of loss is to comply with the rules of the Council. No more than 5 percent of all funds may be invested in securities of a corporation that has been in continuous operations for less than 3 years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentration in certain types of investments.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Notes to Financial Statements
June 30, 2006 and 2005**

NOTE 3 – RESTRICTED ASSETS

Restricted assets totaling \$926,341 consist of cash held for the “Family Self Sufficiency Program” of \$546,849, and capital reserves of \$379,492.

NOTE 4 – LONG-TERM DEBT

Long-term debt consists of a mortgage payable, deferred loans payable, a revolving loan, a pooled loan, and mortgage revenue bonds. A summary of long-term debt and future maturities is as follows:

Mortgages Payable

<u>Payable To</u>	<u>Annual Rate</u>	<u>Maturity</u>	<u>Monthly Payment</u>	<u>Balance 6-30-2006</u>	<u>Security</u>
State of Utah	4.00%	June 2029	\$ 1,146	\$ 206,650	Real Estate
Fannie Mae	LIBOR +2%	July 2010	\$ 12,546	\$ 647,500	Real Estate

Deferred Loans and Revolving Loan

Deferred loans are payable to various non-profit, and local government institutions, are non-interest bearing, and non-maturing, as long as the funds are used to provide housing or improve housing conditions for targeted lower income groups. Deferred loans totaled \$732,250 and \$207,250 at June 30, 2006 and 2005 respectively.

Funds have been loaned to the Authority by various local government institutions for the purpose of establishing a revolving loan program for housing rehabilitation and improvements. The Authority uses the funds in the revolving loan program to make loans to qualified low-income individuals. Repayments by individuals are placed back in the revolving loan fund to be loaned again to other qualified individuals.

The revolving loan program has been discontinued and as the loan payments are received by the Authority, they become due to Sandy City. The remaining loan balance totaled \$251,070 and \$300,309 respectively at June 30, 2006 and 2005. Accounts payables totaling \$349,068 and \$291,144, respectively at June 30, 2006 and 2005 includes amounts due to Sandy City of \$106,638 and \$56,141, respectively.

Pooled Loan

The pooled loan consists of loans from five different banking institutions. The loan proceeds have been pooled together by the Authority and loaned to qualifying individuals for home acquisition, improvements, and rehabilitation purposes. The loans are secured by real estate.

The pooled loan balance totaled \$566,295 and \$1,052,054 respectively at June 30, 2006 and 2005, of which \$58,000 and \$23,000 for 2006 and 2005 represents a deferred loan and the balance represents an installment loan.

The installment loan to the banks is payable in monthly installments averaging \$11,178 at an average annual rate of 6.24%, and maturing approximately October 2019. The deferred loan to the banks is non-maturing and non-interest bearing as long as the funds are used in the pooled loan program.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Notes to Financial Statements
June 30, 2006 and 2005**

NOTE 4 – LONG-TERM DEBT (continued)

Future Maturities of Long-Term Debt

The future annual principal and interest payments due on long-term debt are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 138,744	\$ 76,185
2008	138,517	66,946
2009	140,244	58,372
2010	142,061	49,711
2011	266,476	29,923
Thereafter	<u>1,577,634</u>	<u>189,752</u>
Totals	<u>\$ 2,403,676</u>	<u>\$ 470,889</u>

Other Long-Term Obligations

Other long-term obligations at June 30, 2006 and 2005 consist of escrow balances payable totaling \$357,611 and \$388,896 respectively and non-current accrued compensated absences totaling \$90,225 and \$74,501 respectively.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE**
Notes to financial Statements
June 30, 2006 and 2005

NOTE 5 – RETIREMENT PLAN

The Authority contributes to the Local Governmental Noncontributory Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems. Utah Retirement Systems provide retirement and survivor benefits to plan members and beneficiaries in accordance with retirement statutes.

The Utah Retirement Systems (the Systems) are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor of Utah. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for retirement plans administered by the Utah Retirement Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

The authority is legally obligated to contribute to the retirement systems as long as it has employees that meet membership requirements. The contribution rates are the actuarial determined rates. The contribution rates in effect for the year ending June 30, 2006, and the two previous fiscal years, calculated on the applicable salary for the eligible employees are as follows:

<u>Year Ended June 30,</u>	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>
2006	N/A	N/A	11.090%
2005	N/A	N/A	11.090%
2004	N/A	N/A	9.620%

The contributions made by the Authority for the year ended June 30, 2006 and 2005 were paid by the due dates or within 30 days thereafter and were equal to the required contributions.

The required contributions and amounts received for the year ended June 30, 2006 and the two previous fiscal years are as follows:

<u>Year Ended June 30,</u>	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contributions</u>	<u>Salary Subject to Retirement Contributions</u>
2006	\$ -	\$ -	\$ 219,911	\$ 1,982,964
2005	\$ -	\$ -	\$ 214,472	\$ 1,933,925
2004	\$ -	\$ -	\$ 189,298	\$ 1,967,752

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Notes to Financial Statements
June 30, 2006 and 2005**

NOTE 6 – ECONOMIC DEPENDENCY

A substantial portion of the Authority's revenue comes from U.S. Department of Housing and Urban Development. Programs operated by the Housing Authority depend upon continued funding by the U.S. Government.

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Authority to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A minimal deductible applies to these policies, which the Authority pays in the event of any loss. The Authority has also purchased a workers' compensation policy. Settled claims resulting from these risks have not exceeded commercial insurance coverage for the year ended June 30, 2006 and 2005.

NOTE 8 – SCHEDULE OF CHANGES IN CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Land	\$ 3,197,509	\$ 1,192,000	\$ -0-	\$ 4,389,509
Buildings and Improvements	30,899,176	763,209	-0-	31,662,385
Furniture and Equipment	<u>980,352</u>	<u>145,380</u>	<u>-0-</u>	<u>1,125,732</u>
Total	<u>\$ 35,077,037</u>	<u>\$ 2,100,589</u>	<u>\$ -0-</u>	<u>37,177,626</u>
Accumulated Depreciation	<u>\$ 24,129,809</u>	<u>\$ 1,225,995</u>	<u>\$ -0-</u>	<u>25,355,804</u>
Net book value				<u>\$ 11,821,822</u>

Supplemental Information

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Combining Statement of Net Assets
June 30, 2006**

	201	202, 206,	228	271, 272, 273,	329	350 & 352
	Public	208 & 209	Shelter	274 & 275	Section 8	Tenant
	Housing	ROSS	Plus	Capital	Rental	Based Rent
	Housing	Grant	Care	Fund	Vouchers	Assistance
# Account Description	14.850	14.870	14.238	14.872	14.871	14.239
ASSETS						
Current Assets						
Cash:						
111 Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	-	-
100 Total Cash	-	-	-	-	-	-
Receivables:						
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD	-	6,302	71,691	166,379	42,164	-
124 Accounts Receivable - Other Government	16,535	-	-	-	-	109,557
125 Accounts Receivable - Miscellaneous	9,930	-	-	-	2,128	-
126 Accounts Receivable - Tenants - Dwelling Rents	15,283	-	-	-	-	-
126.1 Allowance for Doubtful Accounts - Dwelling Rents	(7,208)	-	-	-	-	-
127 Notes and Mortgages Receivable - Current	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	23,829	-
120 Total Receivables, net of allowances for doubtful accounts	34,540	6,302	71,691	166,379	68,121	109,557
Current Investments:						
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	-	-
143 Inventories	88,447	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	(3,334)	-	-	-	-	-
144 Interprogram Due From	1,202,290	-	-	-	2,936,154	-
150 Total Current Assets	1,321,743	6,302	71,691	166,379	3,004,275	109,557
Noncurrent Assets						
Fixed Assets:						
161 Land	2,810,154	-	-	-	-	-
162 Buildings	24,741,171	-	-	635,580	-	-
164 Furniture, Equipment & Machinery - Administration	707,347	-	-	256,320	144,215	-
165 Leasehold Improvements	3,948,729	-	-	360,439	-	-
166 Accumulated Depreciation	(24,074,785)	-	-	(227,025)	(111,381)	-
167 Construction in Progress	-	-	-	453,687	-	-
160 Total Fixed Assets, Net of Accumulated Depreciation	8,132,616	-	-	1,479,001	32,834	-
Other Non-Current Assets:						
171 Notes and Mortgages Receivable - Non-Current	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-
180 Total Non-Current Assets	8,132,616	-	-	1,479,001	32,834	-
190 TOTAL ASSETS	\$ 9,454,359	\$ 6,302	\$ 71,691	\$ 1,645,380	\$ 3,037,109	\$ 109,557
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current Liabilities						
312 Accounts Payable <= 90 Days	\$ 24,940	\$ -	\$ 3,116	\$ 41,343	\$ 12,461	\$ 9,715
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-
322 Accrued Compensated Absences	80,384	-	3,371	-	33,780	-
333 Accounts Payable - Other Government	-	-	-	-	-	-
341 Tenant Security Deposits	115,137	-	-	-	-	-
342 Deferred Revenues	22,355	-	-	-	-	-
343 Current Portion of LT Debt - Capital Projects	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-
347 Interprogram Due To	-	6,302	31,605	125,036	-	129,306
310 Total Current Liabilities	242,816	6,302	38,092	166,379	46,241	139,021
Non-Current Liabilities						
351 Long-Term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-	-
353 Non-Current Liabilities - Other	110,542	-	-	-	247,069	-
354 Accrued Compensated Absences - Non Current	64,926	-	2,025	-	19,735	-
350 Total Non-Current Liabilities	175,468	-	2,025	-	266,804	-
300 TOTAL LIABILITIES	418,284	6,302	40,117	166,379	313,045	139,021
NET ASSETS:						
508.1 Invested in Capital Assets, Net of Related Debt	8,132,616	-	-	1,479,001	32,834	-
511.1 Restricted Net Assets	-	-	-	-	-	-
512.1 Unrestricted Net Assets	903,459	-	31,574	-	2,691,230	(29,464)
513 TOTAL NET ASSETS	9,036,075	-	31,574	1,479,001	2,724,064	(29,464)
600 TOTAL LIABILITIES AND NET ASSETS	\$ 9,454,359	\$ 6,302	\$ 71,691	\$ 1,645,380	\$ 3,037,109	\$ 109,557

351	375	401	513, 514 Youth Prevention Program	553, 881, 885 CDBG Program	887 State Funds	Business Activities	100 Central Cash	Combined Balance
HOPWA 14,241	FEMA 83,544	Masterleasing 16,579	93,959	14,218				
\$ -	\$ -	\$ -	\$ -	\$ 170,593	\$ -	\$ 36,229	\$ 1,556,049	\$ 1,762,871
-	-	-	-	-	-	5,441	-	5,441
-	-	-	-	-	-	179,296	-	179,296
-	-	-	-	170,593	-	220,966	1,556,049	1,947,608
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	286,536
322	150,564	19,818	11,467	1,649	-	-	-	309,912
-	-	-	-	-	-	-	317,392	329,450
-	-	1,521	-	-	-	10,613	-	27,417
-	-	(239)	-	-	-	(5,282)	-	(12,729)
-	-	-	-	5,798	-	40,558	-	46,356
-	-	-	-	-	-	-	-	23,829
322	150,564	21,100	11,467	7,447	-	45,889	317,392	1,010,771
-	-	-	-	-	-	-	2,319,945	2,319,945
-	-	-	-	-	-	362,112	379,492	741,604
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	88,447
-	-	-	-	-	-	-	-	(3,534)
-	-	-	-	216,493	445,716	1,047,642	1,341,353	7,189,648
322	150,564	21,100	11,467	394,533	445,716	1,676,609	5,914,231	13,294,489
-	-	-	-	-	-	1,579,355	-	4,389,509
-	-	-	-	-	-	1,440,263	-	26,817,014
-	-	-	-	11,387	-	6,463	-	1,125,732
-	-	-	-	-	-	82,516	-	4,391,684
-	-	-	-	(11,387)	-	(931,226)	-	(25,355,804)
-	-	-	-	-	-	-	-	453,687
-	-	-	-	-	-	2,177,371	-	11,821,822
-	-	-	-	338,678	87,374	770,612	-	1,196,664
-	-	-	-	338,678	87,374	2,947,983	-	13,018,486
\$ 322	\$ 150,564	\$ 21,100	\$ 11,467	\$ 733,211	\$ 533,090	\$ 4,624,592	\$ 5,914,231	\$ 26,312,975
\$ -	\$ -	\$ -	\$ 9,192	\$ 75	\$ -	\$ 16,511	\$ 119,796	\$ 237,149
-	-	-	-	-	-	-	500	500
-	-	-	-	-	-	4,976	-	122,511
-	-	-	-	106,638	-	5,281	-	111,919
-	-	-	-	-	-	4,899	-	120,036
-	-	116	-	-	-	41,371	-	63,842
-	-	-	-	5,798	-	132,946	-	138,744
-	-	-	-	417	-	5,090	-	5,507
-	-	-	-	-	-	-	16,621	16,621
3,183	152,329	16,284	2,275	544,049	-	401,965	5,777,314	7,189,648
3,183	152,329	16,400	11,467	656,977	-	613,039	5,914,231	8,006,477
-	-	-	-	245,272	-	2,019,660	-	2,264,932
-	-	-	-	-	-	-	-	357,611
-	-	-	-	-	-	3,539	-	90,225
-	-	-	-	245,272	-	2,023,199	-	2,712,768
3,183	152,329	16,400	11,467	902,249	-	2,636,238	5,914,231	10,719,245
-	-	-	-	-	-	591,061	-	10,235,512
-	-	-	-	-	-	546,849	379,492	926,341
(2,861)	(1,765)	4,700	-	(169,038)	533,090	850,444	(379,492)	4,431,877
(2,861)	(1,765)	4,700	-	(169,038)	533,090	1,988,354	-	15,593,730
\$ 322	\$ 150,564	\$ 21,100	\$ 11,467	\$ 733,211	\$ 533,090	\$ 4,624,592	\$ 5,914,231	\$ 26,312,975

* Not included on the combined statement of net assets.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE**
**Combining Statement of Revenues, Expenditures, and
Changes in Net Assets**
For the Year Ended June 30, 2006

FDS Line Item		201 Public Housing 14,850	202, 206, 208 & 209 ROSS Grant 14,870	228 Shelter Plus Care 14,238	271, 272, 273, 274 & 275 Capital Fund 14,872	329 Section 8 Rental Vouchers 14,855	350 & 352 Tenant Based Rent Assistance 14,239
#	Account Description						
	REVENUE						
	Tenant Revenue:						
703	Net Tenant Rental Revenue	\$ 1,044,604	\$ -	\$ -	\$ -	\$ -	\$ -
704	Tenant Revenue - Other	22,776	-	-	-	-	-
705	Total Tenant Revenue	1,067,380	-	-	-	-	-
706	HUD PHA Grants	1,383,192	157,246	650,777	295,745	15,255,384	-
706.1	Capital Grants	-	-	-	800,761	-	-
708	Other Governmental Grants	-	-	-	-	-	375,219
711	Investment Income - Unrestricted	32,609	-	-	-	66,801	-
712	Mortgage Interest Income	-	-	-	-	-	-
714	Fraud Recovery	-	-	-	-	89,051	-
715	Other Revenue	141,481	-	-	-	-	-
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-
720	Investment Income - Restricted	-	-	-	-	-	-
700	TOTAL REVENUE	2,624,662	157,246	650,777	1,096,506	15,411,236	375,219
	EXPENSES						
	Administrative:						
911	Administrative Salaries	445,625	-	40,335	8,912	618,129	24,022
912	Auditing Fees	11,759	-	-	-	13,334	-
915	Employee Benefit Contributions - Administrative	151,704	-	15,037	2,690	223,999	10,275
916	Other Operating - Administrative	209,208	2,403	-	13,616	219,460	1,707
	Tenant Services:						
921	Tenant Services - Salaries	-	70,119	-	-	44,634	-
922	Relocation Costs	-	-	-	381	-	-
923	Employee Benefit Contributions - Tenant Services	-	25,209	-	-	17,701	-
924	Tenant Services - Other	9,726	58,474	-	-	-	-
	Utilities:						
931	Water	123,609	-	-	-	-	-
932	Electricity	103,081	-	-	-	-	-
933	Gas	65,657	-	-	-	-	-
938	Other Utilities Expense	76,446	-	-	-	-	-
	Ordinary Maintenance & Operation:						
941	Ordinary Maintenance & Operation - Labor	503,815	-	-	22,419	-	-
942	Ordinary Maintenance & Operation - Materials & Other	134,101	-	-	22,755	3,481	-
943	Ordinary Maintenance & Operation - Contract Costs	245,649	-	-	216,882	-	-
945	Employee Benefit Contributions - Ordinary Maintenance	194,676	-	-	7,611	-	-
	General Expenses:						
952	Protective Services - Other Contract Costs	11,843	-	-	-	8,576	-
961	Insurance Premiums	137,168	1,041	592	479	35,499	370
962	Other General Expenses	7,351	-	-	-	-	-
963	Payments in Lieu of Taxes	8,217	-	-	-	-	-
964	Bad Debt - Tenant Rents	12,177	-	-	-	-	-
967	Interest Expense	-	-	-	-	185	-
969	TOTAL OPERATING EXPENSES	2,451,812	157,246	55,964	295,745	1,184,998	36,374
970	EXCESS OPERATING REVENUE OVER						
	OPERATING EXPENSES	172,850	-	594,813	800,761	14,226,238	338,845
	Other Expenses:						
972	Casualty Losses - Non-Capitalized	164,238	-	-	-	-	-
973	Housing Assistance Payments	-	-	597,886	-	13,076,999	365,530
974	Depreciation Expense	1,040,630	-	-	120,561	8,427	-
975	Fraud Losses	-	-	-	-	8,428	-
900	TOTAL EXPENSES	3,656,680	157,246	653,850	416,306	14,278,852	401,904
1000	Excess (Deficiency) of Operating Revenue						
	Over (Under) Expenses	(1,032,018)	-	(3,073)	680,200	1,132,384	(26,685)
1102	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-
1103	Net Assets at Beginning of Year	9,287,954	-	34,647	1,578,940	1,591,680	(2,779)
1104	Transfers and Adjustments	780,139	-	-	(780,139)	-	-
	Net Assets at End of Year	\$ 9,036,075	\$ -	\$ 31,574	\$ 1,479,001	\$ 2,724,064	\$ (29,464)

Schedule 2

351	375	401	513,514 Youth Prevention Program	553,881, 885 CDBG Program	885 State Programs	100 Business Activities	Central Cash	Combined Balance
HOPWA 14,241	FEMA 83,544	Masterleasing 16,579	93,959	14,218				
\$ -	\$ -	\$ 11,717	\$ -	\$ -	\$ -	\$ 249,165	\$ -	\$ 1,305,486
-	-	3	-	-	-	20,076	-	42,855
-	-	11,720	-	-	-	269,241	-	1,348,341
-	-	-	-	-	-	-	-	17,742,344
-	-	-	-	-	-	-	-	800,761
38,500	505,065	62,934	150,805	4,793	-	4,848	-	1,142,164
-	-	-	-	-	-	28,314	-	127,724
-	-	-	-	1,247	-	39,070	-	40,317
-	-	-	-	-	-	-	-	89,051
-	-	-	-	173	-	77,314	-	218,968
-	-	-	-	-	-	2,328	-	2,328
-	-	-	-	-	-	27,352	-	27,352
38,500	505,065	74,654	150,805	6,213	-	448,467	-	21,539,350
1,840	9,090	4,076	3,864	362	727	55,362	-	1,212,344
-	-	-	-	-	-	266	-	25,359
856	3,061	1,909	1,156	101	204	17,246	-	428,238
-	362	731	-	364	10	59,018	-	506,879
-	-	-	73,974	4,373	-	965	-	194,065
-	-	-	-	-	-	-	-	381
-	-	-	22,705	368	-	76	-	66,059
-	-	-	47,942	-	-	37,405	-	153,547
-	-	-	-	-	-	9,379	-	132,988
-	77	-	-	-	-	1,101	-	104,259
-	273	-	-	-	-	1,427	-	67,357
-	-	-	-	-	-	6,182	-	82,628
-	187	-	-	-	-	33,696	-	560,117
-	320	-	-	-	-	6,916	-	167,253
-	-	-	-	-	-	33,623	-	496,474
-	-	-	-	-	-	11,080	-	213,367
-	-	-	-	-	-	-	-	20,419
30	138	65	1,164	59	10	7,177	-	183,792
-	-	-	-	-	-	-	-	7,351
-	-	-	-	-	-	7,378	-	15,595
-	-	239	-	-	-	4,506	-	16,922
-	-	-	-	1,247	-	83,718	-	85,150
2,726	13,508	7,020	150,805	6,874	951	376,521	-	4,740,544
35,774	491,557	67,634	-	(661)	(951)	71,946	-	16,798,806
-	-	-	-	-	-	-	-	164,238
39,563	493,322	62,934	-	-	-	-	-	14,636,234
-	-	-	-	-	-	56,377	-	1,225,995
-	-	-	-	-	-	-	-	8,428
42,289	506,830	69,954	150,805	6,874	951	432,898	-	20,775,439
(3,789)	(1,765)	4,700	-	(661)	(951)	15,569	-	763,911
-	-	-	-	49,238	-	575,675	-	624,913
928	-	-	-	(168,377)	534,041	1,972,785	-	14,829,819
\$ (2,861)	\$ (1,765)	\$ 4,700	\$ -	\$ (169,038)	\$ 533,090	\$ 1,988,354	\$ -	\$ 15,593,730

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE**
Combining Statement of Net Assets - Business Activity Programs
June 30, 2006

Schedule 3

FDS Line Item #	Account Description	502 Locally Owned Units	510 Parkhill Mobile Home Estates	522 Privately Donated Funds	596 Office Building	888 Bank Pool	Total Business Activities
	ASSETS						
	Current Assets						
	Cash:						
111	Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 36,229	\$ 36,229
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	5,441	5,441
113	Cash - Other Restricted	-	179,296	-	-	-	179,296
100	Total Cash	-	179,296	-	-	41,670	220,966
	Receivables:						
122	Accounts Receivable - HUD	-	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	3,648	6,965	-	-	-	10,613
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(1,365)	(3,917)	-	-	-	(5,282)
127	Notes and Mortgages Receivable - Current	18,201	-	-	-	22,357	40,558
128	Fraud Recovery	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	20,484	3,048	-	-	22,357	45,889
	Current Investments:						
131	Investments - Unrestricted	-	-	-	-	-	-
132	Investments - Restricted	362,112	-	-	-	-	362,112
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-
143	Inventories	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Interprogram Due From	1,006,760	-	31,754	9,128	-	1,047,642
150	Total Current Assets	1,389,356	182,344	31,754	9,128	64,027	1,676,609
	Noncurrent Assets						
	Fixed Assets:						
161	Land	387,355	1,192,000	-	-	-	1,579,355
162	Buildings	1,420,263	20,000	-	-	-	1,440,263
164	Furniture, Equipment & Machinery - Administration	6,463	-	-	-	-	6,463
165	Leasehold Improvements	42,591	39,925	-	-	-	82,516
166	Accumulated Depreciation	(930,431)	(795)	-	-	-	(931,226)
167	Construction In Progress	-	-	-	-	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	926,241	1,251,130	-	-	-	2,177,371
	Other Non-Current Assets:						
171	Notes and Mortgages Receivable - Non-Current	222,143	-	-	-	548,469	770,612
174	Other Assets	-	-	-	-	-	-
180	Total Non-Current Assets	1,148,384	1,251,130	-	-	548,469	2,947,983
190	TOTAL ASSETS	\$ 2,537,740	\$ 1,433,474	\$ 31,754	\$ 9,128	\$ 612,496	\$ 4,624,592
	LIABILITIES AND NET ASSETS						
	LIABILITIES						
	Current Liabilities						
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	5,315	1,234	481	7,093	2,388	16,511
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-
322	Accrued Compensated Absences	4,506	-	-	470	-	4,976
333	Accounts Payable - Other Governments	-	-	-	-	5,281	5,281
341	Tenant Security Deposits	4,249	-	-	650	-	4,899
342	Deferred Revenues	9,148	300	31,273	650	-	41,371
343	Current Portion of LT Debt - Capital Projects	5,589	105,000	-	-	22,357	132,946
345	Other Current Liabilities	-	-	-	-	5,090	5,090
346	Accrued Liabilities - Other	-	-	-	-	-	-
347	Interprogram Due To	-	281,579	-	-	120,386	401,965
310	Total Current Liabilities	28,807	388,113	31,754	8,863	155,502	613,039
	Non-Current Liabilities						
351	Long-Term Debt, Net of Current - Capital Projects	408,221	1,067,500	-	-	543,939	2,019,660
353	Non-Current Liabilities - Other	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	3,274	-	-	265	-	3,539
350	Total Non-Current Liabilities	411,495	1,067,500	-	265	543,939	2,023,199
300	TOTAL LIABILITIES	440,302	1,455,613	31,754	9,128	699,441	2,636,238
	NET ASSETS						
508.1	Invested in Capital Assets, Net of Related Debt	512,431	78,630	-	-	-	591,061
511.1	Restricted Net Assets	362,112	179,296	-	-	5,441	546,849
512.1	Unrestricted Net Assets	1,222,895	(280,065)	-	-	(92,386)	850,444
513	TOTAL NET ASSETS	2,097,438	(22,139)	-	-	(86,945)	1,988,354
600	TOTAL LIABILITIES AND NET ASSETS	\$ 2,537,740	\$ 1,433,474	\$ 31,754	\$ 9,128	\$ 612,496	\$ 4,624,592

HOUSING AUTHORITY OF THE COUNTY OF SALT LAKE

Combining Statement of Revenues, Expenditures and Changes in Net Assets - Business Activity Programs For the Year Ended June 30, 2006

Schedule 4

FDS Line Item #	Account Description	502 Locally Owned Units	510 Parkhill Mobile Home Estates	522 Privately Donated Funds	596 Office Building	888 Bank Pool	Total Business Activities
	REVENUE						
	Tenant Revenue:						
703	Net Tenant Rental Revenue	\$ 171,380	\$ 77,785	\$ -	\$ -	\$ -	\$ 249,165
704	Tenant Revenue - Other	17,476	2,600	-	-	-	20,076
705	Total Tenant Revenue	188,856	80,385	-	-	-	269,241
706	HUD PHA Grants	-	-	-	-	-	-
706.1	Capital Grants	-	-	-	-	-	-
708	Other Governmental Grants	4,848	-	-	-	-	4,848
711	Investment Income - Unrestricted	28,314	-	-	-	-	28,314
712	Mortgage Interest Income	-	-	-	-	39,070	39,070
714	Fraud Recover	-	-	-	-	-	-
715	Other Revenue	32,190	-	39,638	-	5,486	77,314
716	Gain/loss on sale of fixed assets	-	-	-	-	2,328	2,328
720	Investment Income - Restricted	23,356	3,996	-	-	-	27,352
700	TOTAL REVENUE	277,564	84,381	39,638	-	46,884	448,467
	EXPENSES						
	Administrative:						
911	Administrative Salaries	36,913	8,800	83	-	9,566	55,362
912	Auditing Fees	266	-	-	-	-	266
915	Employee Benefit Contributions - Administrative	11,631	2,550	4	-	3,061	17,246
916	Other Operating - Administrative	29,585	25,845	1,094	-	2,494	59,018
	Tenant Services:						
921	Tenant Services - Salaries	-	-	965	-	-	965
923	Employee Benefit Contributions - Tenant Services	-	-	76	-	-	76
924	Tenant Services - Other	-	-	37,405	-	-	37,405
	Utilities:						
931	Water	6,561	2,714	-	-	104	9,379
932	Electricity	1,021	38	-	-	42	1,101
933	Gas	593	811	-	-	23	1,427
938	Other Utilities Expense	3,942	2,240	-	-	-	6,182
	Ordinary Maintenance & Operation:						
941	Ordinary Maintenance & Operation - Labor	31,495	2,201	-	-	-	33,696
942	Ordinary Maintenance & Operation - Materials & Other	6,407	466	-	-	43	6,916
943	Ordinary Maintenance & Operation - Contract Costs	25,533	8,081	-	-	9	33,623
945	Employee Benefit Contributions - Ordinary Maintenance	10,255	825	-	-	-	11,080
	General Expenses:						
952	Protective Services - Other Contract Costs	-	-	-	-	-	-
961	Insurance Premiums	6,328	667	11	-	171	7,177
962	Other General Expenses	-	-	-	-	-	-
963	Payments in Lieu of Taxes	253	6,428	-	-	697	7,378
964	Bad Debt - Tenant Rents	589	3,917	-	-	-	4,506
967	Interest Expense	8,379	40,142	-	-	35,197	83,718
969	TOTAL OPERATING EXPENSES	179,751	105,725	39,638	-	51,407	376,521
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	97,813	(21,344)	-	-	(4,523)	71,946
	Other Expenses:						
972	Casualty losses - Non-capitalized	-	-	-	-	-	-
973	Housing Assistance Payments	-	-	-	-	-	-
974	Depreciation Expense	55,582	795	-	-	-	56,377
975	Fraud Loss	-	-	-	-	-	-
900	TOTAL EXPENSES	235,333	106,520	39,638	-	51,407	432,898
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	42,231	(22,139)	-	-	(4,523)	15,569
1102	Debt Principal Payments - Enterprise Funds	5,370	52,500	-	-	517,805	575,675
1103	Net Assets at Beginning of Year	2,055,207	-	-	-	(82,422)	1,972,785
1104	Transfers and Adjustments	-	-	-	-	-	-
	Net Assets at End of Year	\$ 2,097,438	\$ (22,139)	\$ -	\$ -	\$ (86,945)	\$ 1,988,354

Baird, Rasmussen Associates, PC

Certified Public Accountants and Business Advisors

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

We have audited the basic financial statements of the Housing Authority of the County of Salt Lake (the Authority) as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated September 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted one immaterial matter that we reported to management of the Authority in a separate letter dated September 13, 2006.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Baird, Rasmussen & Associates, PC

Baird, Rasmussen & Associates, P.C.
Bountiful, Utah
September 13, 2006

Baird, Rasmussen Associates, PC

Certified Public Accountants and Business Advisors

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

Compliance

We have audited the compliance of Housing Authority of the County of Salt Lake (the Authority), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2005. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2005.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We

To the Board of Commissioners
Housing Authority of the County of Salt Lake

noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Baird, Rasmussen & Associates, P.C.

Baird, Rasmussen & Associates, P.C.
Bountiful, Utah
September 13, 2006

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE**
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Federal Assistance Programs</u> <u>Agency/Program Grant Title</u>	<u>CFDA Number</u>	<u>Amount of Expenditures</u>
Department of Housing & Urban Development (HUD):		
Community Development Block Grant	14.218	\$ 4,793
Shelter Plus Care Program	14.238	650,777
HOME Investment Partnerships Program (Tenant Based Rent Passed through Salt Lake County)	14.239	375,219
Housing Opportunities for Persons With AIDS (HOPWA)	14.241	38,500
Low Rent Public Housing	14.850	1,383,192
Section 8 Housing Choice Vouchers	14.855	15,255,384
Resident Opportunities and Supportive Services – Youth Employment and FSS	14.870	157,246
Public Housing Capital Fund Program	14.872	1,096,506
Department of Justice:		
Byrne Formula Grant (Masterleasing)	16.579	62,934
Department of Homeland Security:		
Public Assistance Grant	83.544	505,065
Department of Health and Human Services:		
Block Grants for Prevention And Treatment of Substance Abuse (Youth Prevention Program passed through Salt Lake County)	93.959	<u>150,805</u>
Total expenditures of federal awards		<u>\$ 19,680,421</u>

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE**
Schedule of Expenditures of Federal Awards - continued
For the Year Ended June 30, 2006

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the County of Salt Lake and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Status of Findings and Questioned Costs
For the year ended June 30, 2006**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Non compliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major programs?

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.855	Section 8 Housing Choice Vouchers
83.544	FEMA – Public Assistance Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 590,413

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Status of Findings and Questioned Costs-continued
June 30, 2006**

There are no findings to report for fiscal year ending June 30, 2006.

**HOUSING AUTHORITY OF THE
COUNTY OF SALT LAKE
Summary Schedule of Prior Audit Findings
June 30, 2006**

There were no findings to report for fiscal year ended June 30, 2005.

Baird, Rasmussen Associates, PC

Certified Public Accountants and Business Advisors

Auditor's Report on Utah State Legal Compliance

Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

We have audited the basic financial statements of the Housing Authority of the County of Salt Lake (the Authority), for the year ended June 30, 2006 and 2005, and have issued our report thereon dated September 13, 2006. Our audit included test work on the Authority's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Other Compliance Requirements

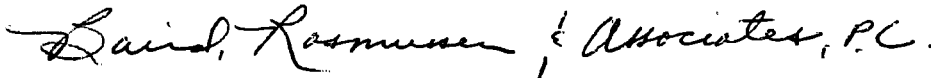
The Authority did not receive any major or non-major Utah State grants during the year ended June 30, 2006 and 2005.

The management of the Authority is responsible for the Authority's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no material instances of noncompliance with the requirements referred to above. We noted one immaterial matter that we reported to management of the Authority in a separate letter dated September 13, 2006.

In our opinion, the Authority complied, in all material respects with the general compliance requirements identified above for the year ended June 30, 2006 and 2005.



Baird, Rasmussen & Associates, P.C.
Bountiful, Utah
September 13, 2006

Baird, Rasmussen Associates, PC

Certified Public Accountants and Business Advisors

To the Board of Commissioners
Housing Authority of the County of Salt Lake
Salt Lake City, Utah

In planning and performing our audit of the basic financial statements of the Housing Authority of the County of Salt Lake (the Authority) for the year ended June 30, 2006, we considered the Authority's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a certain matter that will provide an opportunity for compliance with Utah State Legal Requirements. This letter summarizes our comments and suggestions regarding those matters. We have previously reported on the Authority's internal control in our report dated September 13, 2006, and this letter does not affect that report.

PUBLIC TREASURER'S FIDUCIARY BOND

Condition: The Public Treasurer's Fiduciary Bond for the year ended June 30, 2006, was for \$780,000 when the amount required by Utah State Statute was \$864,000.

Reason Improvement Needed: To protect the Authority against risk of loss and to comply with Utah State Legal Compliance requirements.

Cause of Condition: The bond amount has not been updated over the past couple of years to reflect the prior year's budget revenues.

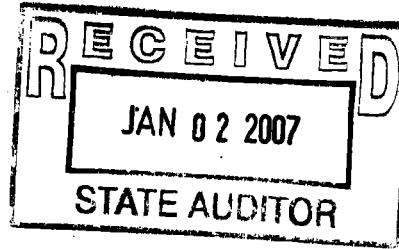
Recommendation: Make sure that in the future the bond amount is calculated in accordance with the Utah State Legal Requirements. (Management has already implemented procedures to assure that the bond amount is appropriate currently and in the future).

Costs and Benefits of Recommended Action: Bond cost will increase only slightly and the Authority will be protected by the amount required by Utah State Statute.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with management, and we would be pleased to discuss them in further detail, to perform any additional analysis of these matters, or to assist you to implement of our recommendation.

Baird, Rasmussen & Associates, PC

Baird, Rasmussen & Associates, P.C.
Bountiful, Utah
September 13, 2006



December 28, 2006

Re: Housing Authority of the County of Salt Lake (HACSL)
Management Letter Response for the Audit
Conducted as of June 30, 2006

To Whom It May Concern:

In response to the Management Letter presented (dated September 13, 2006) by Baird, Rasmussen & Associates, the HACSL management staff and Board have reviewed the conditions and recommendations and respond accordingly.

Public Treasurer's Fiduciary Bond

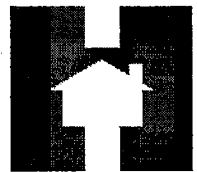
The HACSL agrees with the recommendation and has implemented procedures to assure that the public treasurer's fiduciary bond amount is appropriate currently and in the future according to the required Utah State Statute.

For additional information, if required, please contact Andre Bartlome or myself at 801-284-4400.

Cordially,

Kerry Bate
Executive Director

CC: Board of Commissioners
Baird, Rasmussen & Associates, PC



HOUSING
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SALT LAKE

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